

2001 ASSEMBLY BILL 647

November 27, 2001 – Introduced by Representatives M. LEHMAN, SYKORA, TURNER, JESKEWITZ, TOWNSEND and GRONEMUS. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 70.511 (2) (b), 74.35 (3) (c) and 74.37 (3) (c); and **to create**
2 20.835 (2) (bm), 70.511 (2) (bm), 70.511 (2) (br), 74.35 (3) (cm) and 74.37 (3) (cm)
3 of the statutes; **relating to:** installment payments of tax refunds related to
4 manufacturing property, the interest on refunded and additional taxes on
5 manufacturing property, and making an appropriation.

Analysis by the Legislative Reference Bureau

The department of revenue (DOR) currently assesses manufacturing property for property taxes. DOR has sole discretion to determine what property is classified as manufacturing property for property tax purposes. If a reviewing authority for property assessments reduces a manufacturing property's assessed value or determines that manufacturing property is exempt from property tax, the manufacturer may file a claim with the municipality for a property tax refund. The municipality pays the refund to the manufacturer in one sum that includes interest on the refund amount, paid at the rate of 0.8% a month.

Under the bill, a municipality may pay a property tax refund to an owner of manufacturing property in five annual installments rather than all at once, if the municipality's property tax levy for its general operations is less than \$100,000,000, the refund amount represents at least 0.0025 of such tax levy, and the refund is more than \$10,000. The interest on the refund amount is paid either at a rate of 10% a year or at a rate determined by the last auction of six-month U.S. treasury bills, whichever is less, and the state compensates the municipality for the amount of any

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interest paid on the refund, unless the refund is the result of collecting unlawful taxes or of an excessive assessment.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.835 (2) (bm) of the statutes is created to read:

2 20.835 (2) (bm) *Payments of interest on overassessments of manufacturing*
3 *property.* A sum sufficient to make the payments under s. 70.511 (2) (br).

4 **SECTION 2.** 70.511 (2) (b) of the statutes is amended to read:

5 70.511 (2) (b) If the reviewing authority reduces the value of the property in
6 question, or determines that manufacturing property is exempt, the taxpayer may
7 file a claim for refund of taxes resulting from the reduction in value or determination
8 that the property is exempt. If Except as provided in par. (bm), if a claim for refund
9 is filed with the clerk of the municipality on or before the November 1 following the
10 decision of the reviewing authority, the claim shall be payable to the taxpayer from
11 the municipality no later than January 31 of the succeeding year. ~~A~~ Except as
12 provided in par. (bm), a claim filed after November 1 shall be paid to the taxpayer by
13 the municipality no later than the 2nd January 31 after the claim is filed. Interest
14 Except for claims related to property assessed under s. 70.995, interest on the claim
15 at the rate of 0.8% per month shall be paid to the taxpayer when the claim is paid.
16 Interest on claims related to property assessed under s. 70.995 shall be paid when
17 the claim is made at the average annual discount interest rate determined by the last
18 auction of 6-month U.S. treasury bills before the appeal or objection is filed or 10%
19 per year, whichever is less. If the taxpayer requests a postponement of proceedings
20 before the reviewing authority, interest on the claim shall permanently stop accruing

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1 at the date of the request. If the hearing is postponed at the request of the taxpayer,
2 the reviewing authority shall hold a hearing on the appeal within 30 days after the
3 postponement is requested unless the taxpayer agrees to a longer delay. If the
4 reviewing authority postpones the hearing without a request by the taxpayer,
5 interest on the claim shall continue to accrue. No interest may be paid if the
6 reviewing authority determines under s. 70.995 (8) (a) that the value of the property
7 was reduced because the taxpayer supplied false or incomplete information. If taxes
8 are refunded, the municipality may proceed under s. 74.41.

9 **SECTION 3.** 70.511 (2) (bm) of the statutes is created to read:

10 70.511 (2) (bm) A municipality may pay a refund under par. (b) of the taxes on
11 property that is assessed under s. 70.995 in 5 annual installments, each of which
12 except the last is equal to at least 20% of the sum of the refund and the interest on
13 the refund that is due, beginning on the date under par. (b), if all of the following
14 conditions exist:

15 1. The municipality's property tax levy for its general operations for the year
16 for which the taxes to be refunded are due is less than \$100,000,000.

17 2. The refund is at least 0.0025 of the municipality's levy for its general
18 operations for the year for which the taxes to be refunded are due.

19 3. The refund is more than \$10,000.

20 **SECTION 4.** 70.511 (2) (br) of the statutes is created to read:

21 70.511 (2) (br) From the appropriation under s. 20.835 (2) (bm), the department
22 of administration shall pay to each municipality that pays a refund under par. (b) for
23 property that is assessed under s. 70.995 or that pays a refund under par. (bm) an
24 amount equal to the interest that is paid by the municipality in the previous

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1 biennium and that has accrued up to the date of the determination by the tax appeals
2 commission of the municipality's obligation.

3 **SECTION 5.** 74.35 (3) (c) of the statutes is amended to read:

4 74.35 (3) (c) If the governing body of the taxation district determines that an
5 unlawful tax has been paid and that the claim for recovery of the unlawful tax has
6 complied with all legal requirements, the governing body shall allow the claim. ~~The~~
7 Except as provided in par. (cm), the taxation district treasurer shall pay the claim
8 not later than 90 days after the claim is allowed.

9 **SECTION 6.** 74.35 (3) (cm) of the statutes is created to read:

10 74.35 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
11 property that is assessed under s. 70.995 in 5 annual installments, each of which
12 except the last is equal to at least 20% of the sum of the refund and the interest on
13 the refund, beginning in the year of the determination, if all of the following
14 conditions exist:

15 1. The municipality's property tax levy for its general operations for the year
16 for which the taxes to be refunded are due is less than \$100,000,000.

17 2. The refund is at least 0.0025 of the municipality's levy for its general
18 operations for the year for which the taxes to be refunded are due.

19 3. The refund is more than \$10,000.

20 **SECTION 7.** 74.37 (3) (c) of the statutes is amended to read:

21 74.37 (3) (c) If the governing body of the taxation district or county that has a
22 county assessor system determines that a tax has been paid which was based on an
23 excessive assessment, and that the claim for an excessive assessment has complied
24 with all legal requirements, the governing body shall allow the claim. ~~The~~ Except

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1 as provided in par. (cm), the taxation district or county treasurer shall pay the claim
2 not later than 90 days after the claim is allowed.

3 **SECTION 8.** 74.37 (3) (cm) of the statutes is created to read:

4 74.37 (3) (cm) A municipality may pay a refund under par. (c) of the taxes on
5 property that is assessed under s. 70.995 in 5 annual installments, each of which
6 except the last is equal to at least 20% of the sum of the refund and the interest on
7 the refund, beginning in the year of the determination, if all of the following
8 conditions exist:

9 1. The municipality's property tax levy for its general operations for the year
10 for which the taxes to be refunded are due is less than \$100,000,000.

11 2. The refund is at least 0.0025 of the municipality's levy for its general
12 operations for the year for which the taxes to be refunded are due.

13 3. The refund is more than \$10,000.

14 **SECTION 9. Initial applicability.**

15 (1) REFUNDS. The treatment of sections 70.511 (2) (b) and (bm), 74.35 (3) (c) and
16 (cm), and 74.37 (3) (c) and (cm) of the statutes first applies to refunds of taxes that
17 were collected based on the assessment as of January 1, 2001.

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(END)